

nominally to about \$35,000,000, was fixed at ten per cent, of the legal parity. The bank was required to redeem in gold amounts up to \$100 gold, but for larger amounts might issue sight drafts on exchange funds abroad.<sup>1</sup> It was calculated that the entire burden of the depreciated paper could be gotten rid of in eight or ten years. The duration of the privilege of the bank was fixed at fifty years. It was required to pay ten per cent, of its profits to the government, and this income and that from the export duty on hides were to be set aside for retiring the government paper money.<sup>9</sup>

*The Monetary System of Peru.*

Peru, after passing through various vicissitudes with government notes and bank paper, converted outstanding paper issues in 1887 into funded debt and has since authorized no banks of issue and has had only metallic money in circulation.<sup>3</sup> Her monetary history in recent years is interesting, however, because she was among the pioneers in putting in effect a currency system which frankly recognized the depreciation of silver and conformed in some respects to the gold-exchange standard. The coinage of gold was suspended December 30, 1872, and the country was for a quarter of a century on the silver standard. The disturbing effects of the fall in silver led to the closing of the mints to free coinage by a law of April 9, 1897, and preparations to return to the gold standard.

The new standard created a unit known as the libra, corresponding in weight and value to the English pound sterling. The sole, the old silver unit, was to be made worth 24 pence, or one-tenth part of the libra. The excess of soles was reduced by converting 2,000,000 of them into

\* London *Economist*, April n, 1908, LXVL, 780.

<sup>2</sup> London *Bankers' Magazine* ^ March, 1908, LXXXV., 442.

<sup>3</sup> *Report of the Director of the United States Mint, 1900*, 431. All the reports here quoted in regard to Peru were made by Irving B. Dudley, United States Minister to Peru, and are among the most intelligent and comprehensive made to the Department of State for the use of the Mint.